

**REMARKS**

In response to the Final Office Action mailed 7 May 2007, the Applicant respectfully requests the Examiner to reconsider the above-captioned application in view of the above amendments and the following comments.

In the Office Action, claims 1-48 were rejected. These amendments herein are made to more particularly point out and specify the claimed subject matter. Claims 1, 20, 24 and 45 have been amended. Reconsideration and allowance of all pending claims is respectfully requested.

Statement of the Substance of the Interview

A telephone interview was conducted on Sept. 11, 2007 with the following attendees: Examiner Stefano Karmis, Attorney Scott Asmus, and Inventor John Hershey. An informal draft of the Office Action Response was submitted to the Examiner to show the proposed amendments and arguments.

The parties discussed the office action, the prior references (Levine and Freeman), and the claims, particularly claim 1. Among other items, it was noted that the prior references concerned loan pools and not an individual loan comprised of a plurality of subscriptions. Examiner Karmis indicated that the claims were in better condition for allowance, but that a further search would be required with respect to the feature of having an individual loan comprised of a plurality of subscriptions and having the subscriptions purchased as claimed. Applicant submits herewith a Response to the final Office Action and a Request for Continued Examination. The Applicant thanks the Examiner for participating in the interview.

Rejection of Claims under 35 U.S.C. §112

The Office rejected claims 1-48 under 35 USC 112, first paragraph, for failing to comply with the written description requirement. The Office alleges that the amended

claims contain subject matter that was not described in the specification in such a way as to reasonably convey to one skilled in the art at the time of filing, had possession of the claimed invention. In more particular detail, the Office rejects the reference in the amended claims that relates to 'subdividing the loan into a plurality of subscriptions.'

As a reminder, the written description requirement is separate and distinct from the enablement requirement. *In re Barker*, 559 F.2d 588, 194 USPQ 470 (CCPA 1977), *cert. denied*, 434 U.S. 1064 (1978); *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1562, 19 USPQ2d 1111, 1115 (Fed. Cir. 1991) The function of the written description requirement is to ensure that the inventor had possession of, as of the filing date, the specific claimed subject matter. However, how the specification accomplishes this is not material. *In re Herschler*, 591 F.2d 693, 700-01, 200 USPQ 711, 717 (CCPA 1979) and further reiterated in *In re Kaslow*, 707 F.2d 1366, 707 F.2d 1366, 217 USPQ 1089 (Fed. Cir. 1983).

An objective standard for determining compliance with the written description requirement is, **"does the description clearly allow persons of ordinary skill in the art to recognize that he or she invented what is claimed."** *In re Gosteli*, 872 F.2d 1008, 1012, 10 USPQ2d 1614, 1618 (Fed. Cir. 1989). Under *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1563-64, 19 USPQ2d 1111, 1117 (Fed. Cir. 1991) (emphasis added)

The application shows possession of the claimed invention by describing the claimed invention with all of its limitations using such descriptive means as words, structures, figures, diagrams, and formulas that fully set forth the claimed invention. *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572, 41 USPQ2d 1961, 1966 (Fed. Cir. 1997). Possession may be shown in a variety of ways including describing distinguishing identifying characteristics sufficient to show that the applicant was in possession of the claimed invention. See, e.g., *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 68, 119 S.Ct. 304, 312, 48 USPQ2d 1641, 1647 (1998); *Regents of the University of*

*California v. Eli Lilly*, 119 F.3d 1559, 1568, 43 USPQ2d 1398, 1406 (Fed. Cir. 1997);  
*Amgen, Inc. v. Chugai Pharmaceutical*, 927 F.2d 1200, 1206, 18 USPQ2d 1016, 1021  
(Fed. Cir. 1991)

The subject matter of the claims need not be described literally in order for the disclosure to satisfy the description requirement. Furthermore, mere rephrasing of a passage does not constitute new matter. Accordingly, a rewording of a passage where the same meaning remains intact is permissible. *In re Anderson*, 471 F.2d 1237, 176 USPQ 331 (CCPA 1973).

Applicant submits that the language of the claims to one skilled in the art readily conveys the claimed aspects. As noted in Par [0015] of the published patent application (included herein for convenience to the Office):

“When the terms of the loan have been posted, the loan is assigned a **time period to solicit public subscriptions**. The time period to solicit public subscriptions is presented as a term in the loan agreement presented to the borrower 300. In one embodiment, the solicitation of public subscriptions comprises **soliciting financing from financing entities 400**. In this embodiment, **each subscription can have a predetermined monetary amount, and the financing entity 400 can fill and/or purchase all or any number of subscriptions**. The financing solicitation module 172 can, in one embodiment, perform the solicitation of public subscriptions. In another embodiment, the solicitation of public subscriptions can be performed by posting subscription information on the wide area network, such as, the Internet. Further, when the financing entity 400 fills or purchases a subscription, the financing entity 400 also agrees to terms of a subscription agreement. Once the public subscriptions are solicited, a determination is periodically made whether the total amount of subscriptions has been filled (step 245). In one embodiment, filling the total amount of subscriptions can comprise obtaining funding/financing for the full amount of the loan by, for example, filling or purchasing all or a remainder of the subscription that are available. The determination of whether the total amount subscriptions has been filled can be made on a predetermined time basis, or the determination can be made whenever a subscription is filled and/or purchased. If the subscription has not been filled, a determination is made as to whether the subscription period has expired (step 250). If the subscription period has ended without filling or purchasing the entire amount of subscriptions, the loan subscription and/or the loan agreement is terminated (step 270). Further, any public subscriptions that have been purchased and and/or funds that have been transferred are returned to the financing entity 400 according to subscription terms. In one embodiment,

the loan may be re-posted for subscriptions after the first subscription period. If the subscription period has not ended, the terms continue to be posted until the subscriptions are filled or until the subscription period ends. **If all of the public subscriptions are filled within the subscription period, the loan is executed (step 255).** In one embodiment, a certification of acceptance of terms by the borrower 300 is completed. In another embodiment, the borrower 300 completes the certificate of acceptance via an electronic signature method over the wide area network (WAN), such as, for example, the Internet. Once the borrower 300 has completed the certificate of acceptance, the loan then passes to repayment and apportionment (step 260). In one embodiment, the loan repayment module 174 (Fig. 1) performs the repayment and apportionment of the loan. During repayment and apportionment, loan payments are collected from the borrower 300. Further, in one embodiment, the loan payment is certified, and distributed to the financing entities 400 that purchased public subscriptions. In addition, the entity that is running the system for securing financing 100 (Fig. 1) also collects a fee for service from the repayment of the loan by borrower 300. Such a fee collected by the entity running the system for securing financing 100 is presented as terms in the loan agreement with the borrower 300 and subscription agreement with the financing entity 400." (Emphasis added)

As is clearly explained, subscriptions are in a predetermined amount and offered to finance entities, wherein the finance entities can purchase any number or all of the subscriptions that make up the loan. According to one embodiment, there are a plurality of subscriptions that make up the loan and once all the subscriptions for a loan are purchased during a time period, the loan is executed.

While the Applicant respectfully submits that the explanation to one skilled in the art would readily appreciate that the loan is subdivided into a plurality of subscriptions, the claims have been amended to clarify the features explicitly using the language of the specification. Reconsideration and allowance is respectfully requested.

#### Rejection of Claims under 35 U.S.C. §103

The Examiner has rejected Claims 1-4, 6-11, 13-27, 29-34, 36-41 and 43-48 as being unpatentable over Levine under 35 U.S.C. §103. Deputy Commissioner Peggy Focarino of the Patent Office submitted a recent memorandum providing some examination guidance which require that examiners continue to provide "reasons" for

combining prior art in an obviousness rejection. In formulating a rejection under 35 U.S.C. 103(a) based upon a combination of prior art elements, it remains necessary to identify the reason why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed. In submitting the memo, Focarino noted that the Supreme Court's recent opinions require explicit discussion, and the memo reminds us of the basics of *Graham v. John Deere*:

determining the scope and contents of the prior art;  
ascertaining the differences between the prior art and the claims in issue;  
resolving the level of ordinary skill in the pertinent art; and  
evaluating evidence of secondary consideration.

The Office commences its analysis by noting that it interprets the loan pool to be subscription and that each loan in the loan pool collectively makes the pool. (see Office Action page 5, 1<sup>st</sup> paragraph) This is not what is claimed.

The claims recite a single loan that is comprised of a plurality of subscriptions. Levine describes a loan pool, which is a collection of loans, wherein investors can purchase an individual loan or a pool of loans. There is nothing noted in Levine that describes an individual loan that is comprised of a plurality of subscriptions that is then offered to investors. Thus, the Applicant respectfully disagrees with the Office that Levine teaches the apparatus and methods in the claims.

Furthermore, the Office acknowledges that Levine fails to teach and active subdividing of the loan pool. Applicant notes, among other distinguishing features, that for a particular loan, Levine does not teach soliciting at least one financing entity to purchase at least one of a plurality of subscriptions, each of the subscriptions having a predetermined monetary amount being a portion of the loan, wherein a total of the plurality of subscriptions is an amount equal to the loan. The claimed features of providing a single loan comprising a plurality of subscriptions and having these subscriptions purchased by finance entities is not described or otherwise suggested.

In an attempt to find such features, the Office states that Freeman (U.S. Pat. No. 6,249,775) teaches dividing a loan portfolio into separate loans. In more particular detail, Freeman describes loan portfolios that typically consist of many loans ("For imposing the integrity of the results it is desirable that the number of loan units in the analysis be large, preferably in the hundreds of thousands of loan units and preferably at least 50,000 loan units." Freeman Col. 3, lines 61-63) each having different terms. Freeman describes a system for analyzing the loan portfolios by grouping according to certain parameters and running various statistical formulae to ascertain the quality of the loan group. The Office points to Freeman Col. 8 lines 45 – Col. 9 line 12 which clearly states that the loan portfolio – containing a plurality of loans – is subdivided according to loan types (See Freeman Fig. 1b). These loans are then further subdivided into those that were ARM and those that were fixed. **This is not a division of a single loan into a plurality of subscriptions as claimed.**

The intent of the Freeman invention is plainly stated in the Abstract – "A method for mortgage and closed end loan portfolio management in the form of an analytic tool designed to improve analysis of past and future performance of loan portfolios. In accordance with one aspect thereof, **the invention aggregates loan units into loan vintages, wherein the loans in each vintage originate within a predetermined time interval of one another. The invention compares different vintages to one another in a manner such that the ages of the loans in the different vintages are comparable to one another.** An early warning component of the system predicts delinquency rates expected for a portfolio of loans during a forward looking time window. A matrix link component of the invention combines the loan vintage analysis with the early warning component of the invention and predicts the default rate of the loan portfolios at a selected future point in time. The results of the analysis are graphically depicted and/or automatically feedback to provide "yes" or "no" decisions regarding investments in various loan portfolios. (Emphasis added)

The Office improperly concludes that the combination of Levine and Freeman would obviate the presently claimed invention however there is no support therein. If it were even possible to combine the loan portfolio analytic tool of Freeman to aid in the analysis of the loan portfolio system of Levine – it would still not teach or describe a system as presently claimed wherein a single loan is comprised of a plurality of subscriptions which are then purchased by investors.

The Applicant has amended the independent claims 1, 20, 24 and 45 and notes that each of other rejected claims are derived from the independent claims and should be deemed allowable. On the basis of the elements recited in these independent claims, each of the rejected dependent claims includes elements that are not taught or suggested by the Levine or Freeman references.

The Applicant therefore respectfully requests that the Examiner withdraw the rejection of these claims under §103 and allow the pending claims.

### **Conclusion**

In view of the remarks and amendments set forth above, Applicant submits that all pending claims are now in a condition for allowance, and respectfully request allowance of the pending claim set. If the Examiner believes that a telephonic interview will help speed this application toward issuance, the Examiner is invited to contact the undersigned at the telephone number listed below.

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Date